

# Exhibit R

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A=CAP

## A-CAP Strategy and Business Plan 2024

November 2024



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# Corrective Action Plan Update

# Steps Taken by A-CAP

- 1) Recaptured \$2.1 billion in 777 reserves as directed by the Order (effective 1/1/24)
- 2) Established replacement reinsurance of \$1.5 billion
  - Converge, switch to cash deal based on asset sales
  - Third party A- reinsurer, for Jazz APP product (up to \$500 million)
  - The replacement reinsurance was rejected by the Department and the Supervisor
  - The reinsurance would have provided \$100 million in capital to the insurance companies, and covered liability risk and asset risk (including the aviation book)
- 3) Severed the 777 relationship
  - Exercised lender rights and inserted independent third-party manager (B. Riley) to control operations
  - B. Riley terminated Josh Wander and Steve Pasko
  - A-CAP can fully exercise rights to liquidate assets
- 4) As lender, took actions to protect assets and protect policyholders
  - Established control of over \$1.4 billion of aviation assets (Boeing jets and Flair airlines)
    - Approximately \$600 million of debt backed by the Boeing assets
    - Gained control of a Boeing Order book, with 60 planes (potential value in excess of \$400 million)
    - Stabilized Flair Airlines, established profitability (as measured by EBITDAR) and put the airline in a position to raise capital
  - Established control of \$1 billion of football assets
    - Exercised lenders rights and took full control over the football assets and associated local Boards.
    - In the process of removing the Everton Football risk (\$300 million)

## Steps Taken by A-CAP cont.

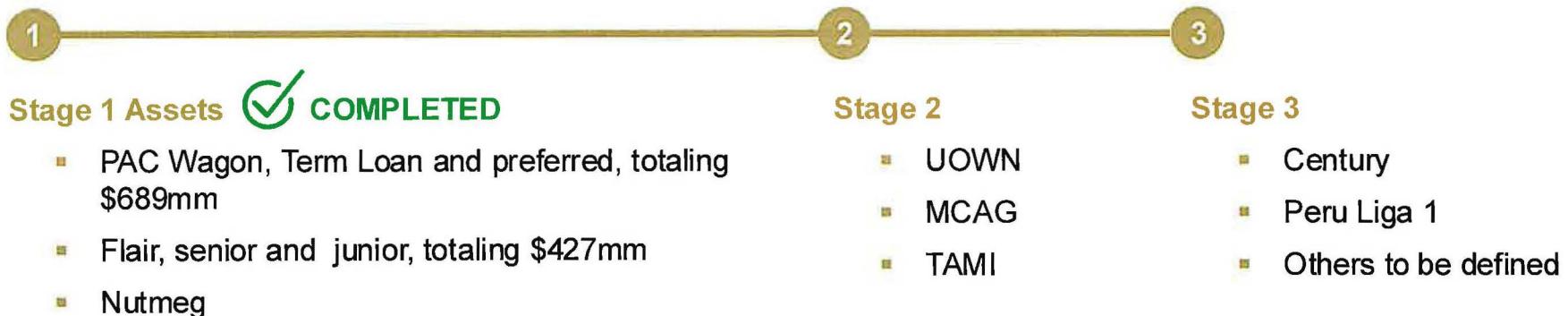
- 4) (continued from previous slide)
  - Took control and ownership of \$300 million of a mortgage securitization business
  - Senior Capital – Closed a securitization in September, next one in December
- 5) In compliance with the 10% affiliate rule on a consolidated basis. Next steps to re-balance (by company) and continue asset sales
- 6) Engaged Houlihan Lokey and obtained FMV valuations on \$1 billion in assets
  - An additional \$1 billion in process to be completed within 30 days
  - *Please See Asset Valuations slides*
- 7) Voluntarily reduced premium writings from \$375 million monthly to \$30 million
  - Prospectively sent a Premium Reduction Plan to the Supervisor
  - *Please See Premium Reduction Plan slides*
- 8) Capital
  - Realized \$400 million plus in the aviation book, would have discussions to move to insurance companies
  - In advanced discussion to sell ACL, for \$150 million in fresh capital (to be pledged to subordinate 777 assets)
  - Realized \$200 million plus in capital from the mortgage securitization business, would have discussions to move to the insurance companies
  - In discussions with strategic partners to raise an additional \$400 million of Capital

# Asset Valuations

# Fair Market Value, Stage 1, Stage 2, Stage 3 Assets

## Fair Market Value

- Per the April 10th Order, a condition of abatement is to engage an independent service provider to provide independent fair market valuations for Level 3 and some Level 2 investments;
- Accordingly, A-CAP engaged Houlihan Lokey's portfolio valuation and fund advisory practice and Dundon Advisers LLC to provide independent fair market valuations of such assets.
- PAC Wagon FMV – Done, Houlihan
- Flair FMV – Done, Dundon
- Nutmeg – Draft DONE, Dundon
- Uown – Draft expected 11/1, Dundon
- PAC Wagon – Draft 11/11, Dundon
- MCAG – Draft week of 11/4, Dundon
- TAMI – TBD, Dundon



# PAC & PAC Wagon – Houlihan Valuation Overview

## Houlihan Lokey Valuation Process

- Houlihan Lokey, a regulated U.S. Bank, was engaged to perform an independent analysis of the Phoenix Aviation Capital (“PAC”) business and the PAC Wagon loan securities.
- After receiving internal committee approval on its fee and engagement letter, Houlihan sent an initial due diligence information request to the Phoenix management team. This request included a company overview, financial models, 3<sup>rd</sup> party appraisal reports, and legal documents.
- Following Houlihan’s initial diligence on the business and asset, a discussion was held with management to walk through the Phoenix business plan, current forecasts, macro environment headwinds and tailwinds, and several other points to ensure Houlihan had a complete understanding of the business.
- Houlihan then performed their independent analysis without further inputs from the company.
- An initial draft of the valuation report was then shared with the Phoenix management team and a discussion with Houlihan was held to walk through their findings. Phoenix management was allowed to ask clarifying questions.
- The final step for Houlihan was to take the report to its internal valuation committee, made up of senior members at Houlihan, and explain, defend, and request approval to publish the final report.
- Lastly, Houlihan sent a final report to the company.
- In the case of the PAC Wagon security, as Houlihan provided a specific price that the asset should be held at for financial reporting, Houlihan provided an executed certification page stating that the report was done on an independent basis, with no personal bias, and followed the relevant accounting standards.
  - Specifically, Houlihan signed a rep letter that noted the valuation followed ASC 820.

# PAC – Liquidation of Assets Today

Liquidation Waterfall - Today	
Asset	Values (\$m) <sup>1</sup>
Flair - 737 MAX 8: MSN 61804	60.67
Flair - 737 MAX 8: MSN 61807	60.69
Flair - 737 MAX 8: MSN 61809	61.44
Flair - 737 MAX 8: MSN 64942	61.57
LOT - 737 MAX 8: MSN 43974	64.17
LOT - 737 MAX 8: MSN 43975	64.08
LOT - 737 MAX 8: MSN 62533	64.85
LOT - 737 MAX 8: MSN 61864	64.31
Eastar - 737 MAX 8: MSN 44304	61.12
Eastar - 737 MAX 8: MSN 44305	61.42
Eastar - 737 MAX 8: MSN 44308	61.56
<b>Total Aircraft Asset Sale Proceeds</b>	<b>685.89</b>
 Cash PDP Deposits at Boeing	257.35
<b>Total Asset Proceeds</b>	<b>943.24</b>
 EETC Debt	(238.13)
DDTL Debt	(61.41)
Ashland Place Debt	(65.00)
Mercury Term Loan	(185.26)
<b>Total Debt</b>	<b>(549.80)</b>
 <b>Total Proceeds to Preferred and Common Equity</b>	<b>393.44</b>
 <b>Total Proceeds Available to PAC Wagon</b>	<b>578.70</b>
<b>PAC Wagon Coverage</b>	<b>0.96x</b>
 As above below, in a forced liquidation of the Phoenix Aviation Capital business today with no premium earned, ~\$943mm of proceeds would be available to repay debt and equity holders.	
The liquidation would include a sale of 11 aircraft and the return of \$252m of PDP deposits on hand at Boeing.	

Houlihan Report – Market Participant Multiple	
	Values (\$m)
Assets	1,118.30
Liabilities	(611.40)
Net Book Value / Total Shareholders Equity	506.90
 Net Book Value Multiple	 1.21x
 <b>Proceeds to Preferred and Common Equity</b>	<b>613.35</b>
 <b>Total Proceeds Available to PAC Wagon</b>	<b>798.61</b>
<b>PAC Wagon Coverage</b>	<b>1.16x</b>
 In Houlihan's valuation of the Phoenix Aviation Capital business today, they observed 21 comparable leasing company transactions.	
Through this work Houlihan found that the mean multiple similar business sell for is 1.21x Net Book Value (equivalent to Total Shareholders Equity).	
Leasing companies sell above their stated book value as aircraft in bulk are in very high demand.	
 By applying this multiple to the Phoenix Aviation Capital current Net Book Value, Houlihan's valuation shows that after repaying debt holders and other liabilities, there are \$613m of proceeds available to pay preferred / common equity holders.	

<sup>1</sup>. Reflects lease encumbered values from mba at a 5% discount rate for MSNs 61804, 61807, 62533, 61864, 44304, 44305, and 44308. Lease encumbered values for the remaining 4 MSNs apply the same 7.3% discount rate to the contractual lease cash flows and mba's forecasted base value at lease expiry.

# PAC – Value of Full Orderbook

Boeing Orderbook Value					
Year	Avg. Lease Encumbered Value <sup>1</sup>	Avg. Phoenix Aviation Capital Purchase Price	Avg. Equity per Aircraft	# of Deliveries	Total Equity Value
2025	\$60,715,714	\$52,956,475	\$7,759,239	7	\$54,314,672
2026	\$61,294,000	\$54,126,774	\$7,167,226	15	\$107,508,389
2027	\$63,855,000	\$55,804,315	\$8,050,685	8	\$64,405,484
2028	\$64,727,542	\$57,571,105	\$7,156,437	10	\$71,564,372
2029	\$66,022,093	\$59,300,671	\$6,721,422	10	\$67,214,219
2030	\$67,342,535	\$61,082,902	\$6,259,633	10	\$62,596,331
<b>Total</b>				60	<b>\$427,603,467</b>

- The value of Phoenix Aviation Capital increases significantly once the full orderbook delivers. In the table above, a comparison to Phoenix's purchase prices versus an appraised lease encumbered value for the aircraft is demonstrates that there is significant value in the orderbook.
  - Lease encumbered values demonstrate the appraised value for a newly delivered aircraft with a lease attached. Delivering aircraft with leases already attached is Phoenix's business model.
- The Total Equity Value column above illustrates the potential value to Phoenix if the business were to take delivery of each aircraft and immediately sell it into the market.

<sup>1</sup>. Performed by mba on each specific delivery occurring in 2025 – 2027. Lease encumbered values for deliveries occurring in 2028 – 2030 are escalated at an assumed 2% per annum.

# Outstanding Reinsurance Transactions

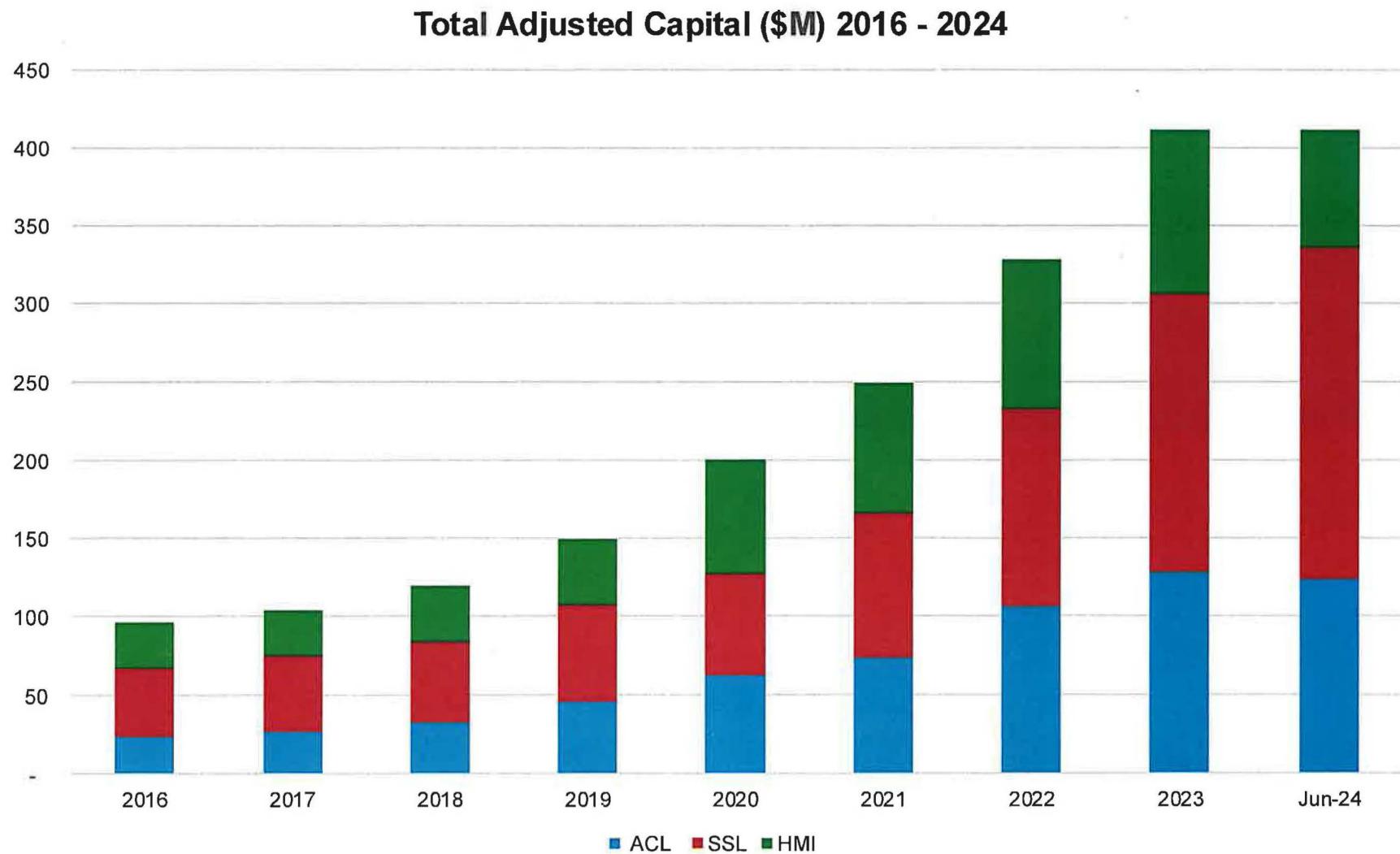
# Standard Business Practice Reinsurance Proposals

BUSINESS	RESERVES	REINSURER	PROPOSAL	STATUS
<b>HMI:</b>				
Recaptured ACL MYGA	528,202,426	Converge	5.0%	Treaty Ready, Requested Approval
Recaptured SSL MYGA	518,460,427	Converge	5.0%	Treaty Ready, Requested Approval
<b>Total</b>	<b>1,046,662,853</b>		<b>52,333,143</b>	
<b>SSL:</b>				
Recaptured APP	659,875,257	Knighthead	1.0%	Amendment Ready, Requested Approval
New APP	298,933,759	Knighthead	1.5%	Amendment Ready, Requested Approval
<b>Total</b>	<b>958,809,016</b>		<b>11,082,759</b>	
<b>ACL:</b>				
Recaptured APP	603,347,757	Aureum	1.0%	Amendment Needed
New APP	179,734,472	Ludlow	3.0%	Treaty Needed
Preneed Annual Extension	51,566,729	Converge	4.0%	Amendment Ready
New 3YR MYGA	15,769,955	Converge	1.8%	Amendment Ready
New 5YR+ MYGA	5,700,469	Converge	2.2%	Amendment Ready
<b>Total</b>	<b>856,119,382</b>		<b>13,897,450</b>	
<b>TOTAL</b>	<b>2,861,591,251</b>		<b>77,313,352</b>	

# Capital Forecasting

- Group RBC
- Total Adjusted Capital Growth

# ACL, SSL & HMI Total Adjusted Capital



# Group RBC



(\$MM)	Net Reserves	TAC	Leverage Ratio*	RBC Ratio**
12/31/2020	410.7	79.5	5.2x	553%
12/31/2021	546.9	92.1	5.9x	497%
12/31/2022	610.9	127.5	4.8x	686%
12/31/2023	872.4	177.4	4.9x	639%



**Haymarket**  
INSURANCE COMPANY

**A<sup>+</sup>CAP**

(\$MM)	Net Reserves	TAC	Leverage Ratio*	RBC Ratio**
12/31/2020	356.9	63.0	5.7x	444%
12/31/2021	482.6	74.1	6.5x	450%
12/31/2022	517.9	106.2	4.9x	682%
12/31/2023	795.4	129.0	6.2x	629%

(\$MM)	Net Reserves	TAC	Leverage Ratio*	RBC Ratio**
12/31/2020	1,322.2	74.4	17.8x	426%
12/31/2021	1,388.6	83.5	16.6x	382%
12/31/2022	1,520.5	96.4	15.8x	374%
12/31/2023	1,731.7	106.5	16.3x	360%

(\$MM)	Net Reserves	TAC	Leverage Ratio*	RBC Ratio**
12/31/2020	2,089.9	194.3	10.8x	442%
12/31/2021	2,418.1	227.1	10.6x	410%
12/31/2022	2,649.3	307.5	8.6x	522%
12/31/2023	3,399.4	390.2	8.7x	509%

\*Leverage Ratio = Net Reserves / TAC

\*\*RBC Ratio based on Authorized Control Level

# Projected RBC for 2024

## Reinsurance Plan Assumed in End of Year 2024 RBC Ratios



SSL: 100% of 777Re on APP to Knighthead (Jazz)



ACL: \$150M of 777Re on APP to Aureum(SAR) + \$150M of MYGA & Life to Converge



HMI: \$500M of 777re MYGA's to Converge + \$120M XoL coverage with Kilter (\$95M after tax)

Projected RBC Ratios (%)	2022	2023	2024
Sentinel Security Life	686%	639%	642%
Atlantic Coast Life	681%	629%	528%
Haymarket	374%	360%	465%

### Stress Scenario: \$100M Asset Loss on 777 Assets:

Projected RBC Ratios (%)	2024
Sentinel Security Life	578%
Atlantic Coast Life	443%
Haymarket	381%

An Asset Loss of \$250M (pre-tax) would result in a consolidated RBC of 350%

# Premium Reduction

# Product Benefit Reductions Since 3rd Quarter

- Pursuant to the Premium Reduction Plan, Sentinel and Atlantic Coast Life decreased rates across products to reduce competitiveness and premium volumes.
- Reductions were done strategically and methodically to ensure stability and protect policyholders; (ie not induce a “run on the bank” scenario).
- Sentinel and Atlantic Coast Life continued to decrease rates as the competitive environment changed.

## Recap of 2024 Rate Changes and Effective Dates

<b>August 16, 2024</b>	<b>3 Yr. MYGA:</b>	Decreased rates from 5.90% to 5.60% (in most states)
<b>August 26, 2024</b>	<b>APP:</b>	Reduced S&P 500 1 Yr PTP Cap from 10% to 9.25%; (11.5% w Rider) Reduced the fixed rate from 4.75% to 4.25%
	<b>RPM:</b>	Reduced S&P 500 1 Yr PTP Cap from 11.50% to 9.00%; (11.5% w Rider) Reduced the fixed rate from 5.0% to 4.25%
	<b>SBI:</b>	Reduced the premium bonus from 15% to 12%
<b>September 11, 2024</b>	<b>3 Yr. MYGA:</b>	Decreased rates from 5.60% to 4.95% (in most states)
	<b>5 Yr. MYGA:</b>	Decreased rates from 5.75% to 5.05% (in most states)
<b>October 16, 2024</b>	<b>3 Yr. MYGA:</b>	Decreased rates from 4.95% to 4.80% (in most states)
	<b>5 Yr. MYGA:</b>	Decreased rates from 5.05% to 4.95% (in most states)

# October FIA Reductions

- In October, Sentinel and Atlantic Coast Life decreased FIA product benefits well below 'A-' and 'B- rated' carrier rates.
- The rate reductions render the products uncompetitive and will reduce sales volumes by 90%.
- Messaging to distribution has been clearly communicated and well-coordinated to maintain stability and protect policyholders:

*As the year end approaches, we are pleased to report that our 2024 production targets have been met. Due to this achievement and the possibility of continued rate volatility, [Sentinel/Atlantic Coast Life] is making the following rate adjustments with plans to revisit rates after the first of the year. We believe that these changes are prudent given the current market conditions and will support conservative long-term asset management and product portfolio strategies.*

**October 30, 2024**

**APP:**

Reduce S&P 500 1 Yr. PTP Cap from 9.25% to 5.0% (5.95% w Rider)  
 Reduce the S&P 500 1 Yr. and 2 Yr. Participation rates:  
     1 YR: 26% wo rider; 38% w rate enhancement rider  
     2 YR: 43% wo rider; 58% w rate enhancement rider  
 Reduce the fixed rate from 4.25% to 3% (3.95% w Rider)

**RPM:**

Reduce S&P 500 1 Yr. PTP Cap from 9.25% to 5.0% (5.95% w Rider)  
 Reduce the S&P 500 1 Yr. and 2 Yr. Participation rates:  
     1 YR: 28% wo rider; 38% w rate enhancement rider  
     2 YR: 38% wo rider; 53% w rate enhancement rider  
 Reduce the fixed rate from 4.25% to 3%

**SBI:**

Reduce the premium bonus from 12% to 10%  
 Reduce the rollup rate from 7.25% to 6.0%

# Updated Premium Projection – GROSS SUBMITTED

Apart from the industry-wide “fire-sale” activity in August (in anticipation of a September Federal Reserve rate cut), sales volumes have continued to decrease following the implementation of the Premium Reduction Plan. *Please note: October rate changes were effective 10/30/24 and are reflected in November submitted premium.*

## SUBMITTED PREMIUM HISTORY & FORECAST BY PRODUCT - Updated with Actuals through Oct 24th, 2024

Submitted Premium	SBI	INA	GIA	RPM	APP	MYGA	Total
Jan	80,124,659	288,950	1,034,165	41,112,692	69,553,583	156,576,678	348,690,727
Feb	88,965,723	185,095	980,028	55,858,121	80,496,346	142,264,167	368,749,480
Mar	89,750,037	166,331	2,080,543	55,319,669	82,149,396	142,845,551	372,311,527
April	71,685,954	12,722	2,211,116	62,272,831	85,702,426	136,787,135	358,672,184
May	62,914,900	174,986	2,542,735	55,960,418	70,545,969	103,313,978	295,452,986
June	40,787,767	500,000	245,000	44,614,252	43,239,089	78,992,515	208,378,624
July	35,436,685	-	1,319,384	41,388,865	49,472,047	77,067,960	204,684,940
Aug	59,575,223	38,000	1,227,676	68,581,676	73,558,350	122,167,071	325,147,996
Sept	26,768,734	200,000	1,562,657	35,307,978	46,744,182	62,449,505	173,033,056
Actual	556,009,682	1,566,085	13,203,304	460,416,502	601,461,388	1,022,464,561	2,655,121,520
Oct	31,978,460	350,125	548,679	40,350,813	62,190,876	18,577,457	153,996,411
Nov	7,909,632	-	241,071	7,084,081	13,498,536	1,716,487	30,449,808
Dec	7,909,632	-	241,071	7,084,081	13,498,536	1,716,487	30,449,808
Total Projection	47,797,724	350,125	1,030,822	54,518,976	89,187,948	22,010,432	214,896,027
<b>Total</b>	<b>603,807,406</b>	<b>1,916,210</b>	<b>14,234,126</b>	<b>514,935,477</b>	<b>690,649,336</b>	<b>1,044,474,992</b>	<b>2,870,017,548</b>
Jan	7,909,632	-	241,071	7,084,081	13,498,536	1,716,487	30,449,808
Feb	7,909,632	-	241,071	7,084,081	13,498,536	1,716,487	30,449,808
Mar	7,909,632	-	241,071	7,084,081	13,498,536	1,716,487	30,449,808

# Updated Premium Projection – NET RETAINED (SUBMITTED)

Net Retained Premium	SBI	INA	GIA	RPM	APP	MYGA	Total
Jan	8,012,466	28,895	103,416	4,111,269	6,955,358	39,144,170	58,355,574
Feb	8,896,572	18,510	98,003	5,585,812	8,049,635	35,566,042	58,214,573
Mar	8,975,004	16,633	208,054	5,531,967	8,214,940	35,711,388	58,657,985
April	7,168,595	1,272	221,112	6,227,283	8,570,243	34,196,784	56,385,289
May	6,291,490	17,499	254,274	5,596,042	7,054,597	25,828,494	45,042,395
June	4,078,777	50,000	24,500	4,461,425	4,323,909	19,748,129	32,686,740
July	3,543,668	-	131,938	4,138,886	4,947,205	19,266,990	32,028,688
Aug	5,957,522	3,800	122,768	6,858,168	7,355,835	30,541,768	50,839,860
Sept	2,676,873	20,000	156,266	3,530,798	4,674,418	15,612,376	26,670,731
Actual	55,600,968	156,608	1,320,330	46,041,650	60,146,139	255,616,140	418,881,836
Oct	3,197,846	35,013	54,868	4,035,081	6,219,088	4,644,364	18,186,260
Nov	790,963	-	24,107	708,408	1,349,854	429,122	3,302,454
Dec	790,963	-	24,107	708,408	1,349,854	429,122	3,302,454
Total Projection	4,779,772	35,013	103,082	5,451,898	8,918,795	5,502,608	24,791,167
<b>Total</b>	<b>60,380,741</b>	<b>191,621</b>	<b>1,423,413</b>	<b>51,493,548</b>	<b>69,064,934</b>	<b>261,118,748</b>	<b>443,673,004</b>
Jan	790,963	-	24,107	708,408	1,349,854	429,122	3,302,454
Feb	790,963	-	24,107	708,408	1,349,854	429,122	3,302,454
Mar	790,963	-	24,107	708,408	1,349,854	429,122	3,302,454

# Disclosures

## Disclosures

**No Offer:** This document ("Presentation") is neither an offer to sell nor a solicitation of an offer to buy any security, and is provided solely to inform potential offerees preliminary information about Advantage Capital Holdings, LLC d/b/a "A-CAP" and its affiliates (collectively herein referred to as the, "Firm"). This Presentation is not intended to solicit an investment in any particular investment product, structured or otherwise.

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**SEC Investment Adviser Affiliates:** Certain affiliates of the Firm and Advantage Capital Management LLC ("ACM") are SEC registered investment advisers and are affiliate entities.

**NAIC:** NAIC is an acronym for the National Association of Insurance Commissioners.

**NAIC 1 Rating:** NAIC 1 is assigned to obligations exhibiting the highest quality. Credit risk is at its lowest and the issuer's credit profile is stable. This means that interest, principal or both will be paid in accordance with the contractual agreement and that repayment of principal is well protected.

An NAIC 1 obligation should be eligible for the most favorable treatment provided under the NAIC Financial Conditions Framework.

**NAIC 2 Rating:** NAIC 2 is assigned to obligations of high quality. Credit risk is low but may increase in the intermediate future and the issuer's credit profile are reasonably stable. This means that for the present, the obligation's protective elements suggest a high likelihood that interest, principal or both will be paid in accordance with the contractual agreement, but there are suggestions that an adverse change in circumstances or economic, financial or business conditions will affect the degree of protection and lead to a weakened capacity to pay.

An NAIC 2 obligation should be eligible for relatively favorable treatment under the NAIC Financial Conditions Framework.

**Assets Under Management ("AUM"):** The figure represented for AUM represents total assets under management by the Firm.

**Total Adjusted Capital:** The figure represented for Total Adjusted Capital is the sum of Capital Stock, Surplus, Asset Valuation Reserve and Interest Maintenance Reserve.